

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7084

BILL NUMBER: HB 1259

NOTE PREPARED: Jan 13, 2004

BILL AMENDED:

SUBJECT: Insurance Producer Liability.

FIRST AUTHOR: Rep. Moses

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill limits the liability of an agent or insurance producer related to coverage arranged by the agent or insurance producer through an unregistered multiple employer welfare arrangement (MEWA).

Effective Date: July 1, 2000 (retroactive).

Explanation of State Expenditures: This bill limits the liability of an agent or insurance producer related to coverage arranged by the agent or insurance producer through an unregistered multiple employer welfare arrangement (MEWA). The bill provides that an agent's or insurance producer's liability is subject to judicial determination. The proposal could result in the Office of the Attorney General taking action to initiate a judicial determination on behalf of the Department of Insurance. The impact of this proposal is indeterminable and will depend on the number and nature of cases filed.

Background: MEWAs are employee welfare benefit plans that are established or maintained for the purpose of offering or providing benefits to the employees of two or more employers. MEWAs have been required by law to be registered with the Department of Insurance (DOI) for several years. Effective May 2003, the DOI adopted rules for registration. Currently, a MEWA has become insolvent with unpaid claims. This case involves 20 to 25 agents.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of the Attorney General; Department of Insurance.

Local Agencies Affected:

Information Sources: Sally McCarty, Commissioner, Department of Insurance, 2323520; Terry Duga, Deputy Attorney General, Administrative and Regulatory Division, Office of the Attorney General, 232-6259.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.